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The Rising Tide of Armament

BY WILLIAM T. STONE and HELEN FISHER

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IN a period which has witnessed the conquest of Ethiopia, the military reoccupation of the Rhineland, the outbreak of civil war in Spain and the passing of the Washington and London naval treaties, it is not surprising to discover that there has been a sharp acceleration in the world's military preparations since the fall of 1934.¹ Few, however, realize how far the trend has gone. In two years the world expenditure for military purposes has more than doubled, rising from a total of about 5 billion dollars in 1934 (a figure well above the 1913 level) to almost 11 billion in 1936. Every indication points to an even higher figure for 1937. The table on the opposite page presents a graphic picture of this trend.

It is difficult to measure the increase in armaments by any standard other than military expenditure, although even this method is unsatisfactory. Quantitative tables setting forth the number of airplanes, naval vessels, and soldiers under arms mean little in themselves and cannot be accepted without sweeping reservations. Certain characteristic features, however, may be cited as indications of the general trend.

As the table demonstrates, military budgets began to rise following Japan's conquest of Manchuria and increased even more sharply following the advent of the Hitler régime in Germany. Current armament programs are based almost universally on the assumption that war is an imminent possibility. Emotional appeals to patriotic or regimented populations have made it possible for the vast majority of states to allocate larger and larger sums to national defense, in some cases as much as 50 per cent of the total

budget.² Very few governments have been able to finance their rearmament without resort to heavy borrowing. Even Britain, one of the few great powers with a balanced budget, was considering an armament loan early in 1937.³

The following survey reviews the more important features of the armament programs of the principal powers during the past two years.⁴

GERMANY

Since March 1935 Germany has occupied the central position in the European armament race. The decrees of March 10 and March 16, 1935, creating the new air force and reviving universal military service, inaugurated a rearmament campaign without precedent in modern times.⁵ On November 1, 1935 the first class of conscripts, numbering some 250,000, was inducted into the armed forces. Large numbers of volunteers, including youths below the conscription age and veterans of the old *Reichswehr*, were enlisted for long-term service with the professional troops, swelling the total forces to over 600,000 men by the end of December. This figure was increased to between 800,000 and 850,000 by the decree of August 24, 1936, which extended the term of compulsory military service from one year to two years.⁶ On March 7, 1936 a "symbolic" force of 20,000 German troops occupied the Rhineland. On October 2 the War Ministry announced the creation of two new army corps, one of which was

2. Cf. table, p. 292.

3. Cf. *New York Times*, January 24, 1937.

4. Limitations of space prevent analysis of military policies in this report; for consideration of these factors, cf. David H. Popper, "European Military Policies," *Foreign Policy Reports*, May 1, 1936.

5. Cf. *ibid.*, p. 47.

6. *New York Times*, August 25, 1936.

1. This report brings up to date an earlier survey of military developments. Cf. William T. Stone and David H. Popper, "The Increasing Burden of Armaments," *Foreign Policy Reports*, October 24, 1934.

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NATIONAL DEFENSE EXPENDITURE OF THE WORLD, 1931-1936¹

(in millions of dollars—1936 parity)

REGIONS	1931	1932	1933	1934	1935	1936
NORTH AMERICA ²	744.9	699.0	575.3	748.6	947.7	1,004.8
United States	707.6	667.8	540.3	710.0	911.7	964.9
SOUTH AND CENTRAL AMERICA (19 countries)	126.6	157.0	158.4	189.8	181.3	179.1
EUROPE (29 countries)	2,748.9	2,458.0	2,690.7	3,519.7	7,053.7	8,879.7
Britain	449.0	426.1	455.5	480.6	595.6	846.9
France	694.8	509.2	678.8	582.7	623.8	716.4
Germany	246.8	253.5	299.5	381.8	2,600.0	2,600.0
Italy	272.0	270.6	241.2	263.7 ³	778.1 ³	870.8 ³
U.S.S.R.	280.8	282.5	309.5	1,000.0	1,640.0	2,963.1
Central Europe and Balkans ⁴	471.9	414.1	407.6	497.7	496.7	525.9
Others (14 countries) ⁵	334.6	302.0	298.7	313.2	319.5	356.6
FAR EAST (6 countries)	415.2	469.7	538.3	573.6	593.0	634.0
Japan	131.8	199.1	253.1	271.9	296.2	307.2
China	88.1	93.0	108.1	112.5	93.1	94.8
Others ⁶	195.4	177.6	177.1	189.2	194.0	232.0
WORLD TOTAL (60 countries)	4,067.2	3,815.7	3,992.0	5,064.1	8,810.1	10,730.7

This table represents only an approximate comparison between different countries, as changes in currency value, internal purchasing power and governmental policies make accurate comparison impossible. Conversion rates are taken principally from United States Department of Commerce, *Commerce Reports*, January 9, 1937.

In cases where the fiscal year does not coincide with the calendar year, the earlier date has been used in this table; e.g., 1931-1932 is listed as 1931.

A number of totals from minor states could not be ascertained for this table. In such cases the figure for the preceding year has been arbitrarily repeated. In the case of Bolivia and Paraguay, for which complete figures are not available later than 1932, the Bolivian total for 1935 was used for both countries for the three years of the Chaco war. 1936 figures for Spain are available only for the first half of the year; this was doubled for the purposes of the table. Totals for Germany and Italy for 1934-1936 represent unofficial estimates.

This table includes 60 countries. A few minor countries, such as Saudi Arabia, Iraq, Afghanistan, and the expenditures of mandates and African colonies which do not appear in the budget of the mandatory or parent country have been omitted, due to lack of information.

1. Sources: League of Nations, *Armaments Year Book*, 1936, Geneva; official budgets and miscellaneous official papers, etc.

2. United States, Canada, Mexico.

3. Includes estimated expenditure on Ethiopian campaign.

4. Albania, Austria, Bulgaria, Czechoslovakia, Greece, Hungary, Poland, Rumania, Turkey, Yugoslavia.

5. Belgium, Denmark, Estonia, Finland, the Irish Free State, Latvia, Lithuania, Luxemburg, the Netherlands and Netherlands Indies, Norway, Portugal, Spain, Sweden, Switzerland.

6. Australia, India, New Zealand, Siam.

stationed in the Rhineland, raising the forces in this area to between 60,000 and 90,000 men.⁷ This completed the organization of 12 corps (36 divisions) originally set as the first goal of the rearmament program.⁸ Thus by the end of 1936—only 21 months after the first formal denunciation of the military, naval and air clauses of the Versailles Treaty—Germany had risen again to a commanding position of military power.

The cost of this vast rearmament program can only be guessed. Official budget estimates were last

published in March 1934, and since that time the only information regularly issued by the Finance Ministry has been the Reich's revenue from taxation. It is not surprising, therefore, that "estimates" of Germany's military expenditures quoted in the British House of Commons, the French Chamber of Deputies and various European newspapers range all the way from 10 billion to 30 billion marks (\$4,000,000,000 to \$12,000,000,000) for the period since 1933.⁹ Winston Churchill declared in the House of Commons that Germany had spent "at least £800,000,000" (\$4,000,000,000) in 1935 alone. He claimed that the increase in the German public debt and in capital expenditures had totaled £3,000,000,000 since 1933, and that this

7. *Ibid.*, October 3, 1936.

8. *Ibid.* There was no indication that the number of divisions was increased beyond 36, although this does not include three cavalry divisions and two armored divisions. Cf. B. F. Liddell Hart, "The Armies of Europe," *Foreign Affairs*, January 1937, and Albert Müller, "Germany's War Machine" (London, Dent, 1936), p. 164, and Churchill in House of Commons, November 12, 1936, *Parliamentary Debates*, vol. 317, col. 1099.

9. Cf. *The Times* (London), April 24, 1936; *The Morning Post* (London), June 25, 1936; *Le Temps* (Paris), June 26, 1936; *The Banker* (London), February 1937.

staggering sum had been used "almost exclusively" for military preparations.¹⁰ Other private estimates, reached by the indirect method of calculating the additional resources of the Reich government during the Hitler régime, fix the total at a minimum of 15 billion marks (\$6,000,000,000). This figure can only be accepted with reservations, however, as several items on which it is based cannot be checked by official statistics. For the past two years the rate of expenditure for the army, navy and air force alone has probably exceeded 6 billion marks annually.¹¹

Despite the impressive numerical strength of the new German army, there remained considerable evidence that the military machine had not reached its maximum effectiveness at the end of the first year of conscription. The officer personnel, both commissioned and non-commissioned, was found inadequate for the double purpose of staffing a large conscript army and training recruits for reserves.^{11a} Lack of raw materials remained an acute problem, and the intensive campaign to develop domestic resources and synthetic substitutes failed to produce the expected results, due largely to the tremendous capital investments required and the excessive cost of substitutes.¹² Nevertheless, announcement of Hitler's four-year plan at the Nuremberg Congress in September 1936 served notice that Nazi leaders intended to continue their drive toward economic self-sufficiency.

With the apparent object of building a fleet strong enough to control the Baltic and "keep the Russians bottled up in Leningrad," large naval building programs were undertaken in 1935 and

1936. Under the Anglo-German naval accord of June 18, 1935, the Reich is permitted 35 per cent of Britain's total tonnage.¹³ At the time the pact was concluded, the maximum allowed to Germany was estimated at 420,000 tons. This figure will of course increase as Britain proceeds with its own expansion program.^{13a} At the end of 1936 Germany possessed 108 ships built or building, with a total tonnage of 329,248.¹⁴ The building program for 1937 calls for one 35,000-ton capital ship, two aircraft carriers, three 10,000-ton cruisers patterned on the original "pocket battleship" design, and an unspecified number of destroyers and submarines.¹⁵ While such a fleet will not challenge the supremacy of Britain or France in the North Sea, it will constitute a formidable threat to the Soviet Union in the Baltic.

Precise information on the equipment of the new army and the air force is almost unobtainable. Scattered details published in military journals and revealed to the public during the maneuvers in September 1936 indicate that considerable progress has been made in motorizing cavalry divisions and field artillery, although half of the artillery equipment is still horse-drawn. The new tank battalions consist largely of small 6-ton tanks, and large-scale production of heavy tanks has not been attempted.¹⁶

With the possible exception of the Soviet Union, no government has gone further than Germany in harnessing its industrial machine to the needs of the state for purposes of military preparedness. Almost every economic measure adopted by the Nazi régime is related directly or indirectly to mobilization of industrial resources for war. Unlike the Soviet Union, France and Italy, however, Germany has not adopted the system of state ownership or nationalization of the munitions industry, relying on subsidized private industry with standardized production. The industrial program which is expected to reach peak production in 1937 has actually advanced more rapidly than the training of military personnel. Foreign observers anticipate that production will reach its peak during 1937.

The actual strength of General Goering's air

10. *Parliamentary Debates*, House of Commons, April 23, 1936, vol. 311, col. 337-39.

11. The difficulty of estimating German expenditures under the Nazi régime is due to the unknown amount of short-term indebtedness incurred by circulation of employment bills and armament bills. The government has admitted an increase of 3,086 million marks in the recorded public debt between 1933 and 1936, but has given no inkling of the total unrecorded bill circulation. The only other known items which can be estimated are the increase in tax receipts above the level of 1933—which amounted by the end of the fiscal year 1936-1937 to 9.7 billion marks—and savings in unemployment assistance, estimated at 4.8 billion marks. These three items total approximately 17.6 billion marks, of which at least 8 or 10 billion have been spent for non-military purposes—public works, etc.—leaving a balance of 7 to 9 billion marks available for the armament program. It may be assumed that at least 6 billions more have been made available by the unrecorded bill circulation, which some experts place as high as 20 billion. Cf. *The Economist* (London), August 1, August 7, 1936.

11a. For analysis of the scope of the reserve training program, cf. General Baratier, "Où en est l'armée allemande?" *Le Temps*, January 30, 1937.

12. Cf. Rudolf Eicke, *Warum Aussenhandel* (Berlin, Verlag für Sozialpolitik, Wirtschaft und Statistik, 1936).

13. Cf. David H. Popper, "The End of Naval Disarmament," *Foreign Policy Reports*, October 23, 1935, p. 206.

13a. It was 530,000 on January 1, 1937.

14. U. S. Navy Department, *Summary of Comparative Naval Data*, January 1, 1937. The total includes 41 ships of 197,866 tons under construction.

15. *Wehrmachtskalender* (Berlin), November 1936.

16. Liddell Hart, "The Armies of Europe," cited; cf. also *New York Times*, April 21, 1936, and Müller, "Germany's War Machine," cited, p. 167.

force is unknown, foreign estimates ranging from 1,500 to 2,800 airplanes.¹⁷ Primary emphasis has been placed on building up the potential production of manufacturing plants rather than maintaining large stocks on hand, and the capacity of German factories is said to have increased from 200 airplanes a month to more than double that figure.¹⁸ Reports that German airplane production was being speeded up in the last months of 1936 were said to be one of the reasons for the decision to supplement British production by placing orders in Canada.¹⁹

GREAT BRITAIN

The first definite British move toward rearmament came in 1934, following Germany's withdrawal from the disarmament conference, with the initiation of a comprehensive five-year plan for rebuilding the Royal Air Force.²⁰ The following year the post-war policy of "taking risks for peace" was officially repudiated, and all three services received increased appropriations. Further increases, obtained in part by emergency Supplementary Estimates, marked the 1936-1937 defense plans. The year's total of £175,000,000 is almost double the 1934 figures, and present plans indicate a continuing annual increase up to 1939-1940.

The new program was justified by the government in two White Papers issued before the budget debates of 1935 and 1936.²¹ Both documents cite changes in the international situation as the principal reason for rearmament. Both stress the government's desire to maintain peace, with the corollary that Britain must be ready to assume its full share of the military burden of "collective security"—a share which it claims could not be shouldered in the existing condition of its defense services. The Italo-Ethiopian affair furnished a useful illustration of this point, enabling the government to stress that the concentration of British vessels in the Mediterranean in the fall of 1935 was made possible only by the "denuding" of other areas. The White Papers cite specific instances of rearmament in other countries, notably

17. Cf. *New York Times*, January 5, 1937; *Aircraft Year Book*, 1936 (New York, Aeronautical Chamber of Commerce, 1936); *Vu* (Paris), November 14, 1936; Churchill, in House of Commons, November 12, 1936, cited.

18. Müller, in "Germany's War Machine," cited, estimates that German industry is capable of producing 800 machines a month.

19. *New York Times*, October 23, 1936.

20. Cf. Stone and Popper, "The Increasing Burden of Armaments," cited, p. 212.

21. *Statement relating to Defence*, March 11, 1935, March 3, 1936 (London, H. M. Stationery Office, 1936), Cmd. 4827, 5107.

the German air, and Japanese and American naval increases, as further reason for British rearmament, but the real *leit-motif* of the new policy appears to be political uncertainty. As the 1935 White Paper states: "Conditions in the international field have deteriorated. Taking 'risks for peace' has not removed the dangers of war."²²

The rearmament program is being supervised by a new cabinet office created in February 1936, known as the Ministry for the Coordination of Defence.²³ An important innovation of the New Minister, Sir Thomas Inskip, is the so-called "shadow scheme," which provides for the building of new government-financed factories by private firms.²⁴ Six important automobile manufacturers are already building airplane-engine factories under this plan,²⁵ for which £530,000 was appropriated in July 1936.²⁶ The "shadow scheme" has been a favorite target of attack in recent debates on defense policy, its detractors charging that decentralized mass production was not the safest method for assuring adequate wartime industrial supply.²⁷

The greatest increase in the 1936-1937 budget was shown by the air force.²⁸ Its total of £49,496,000 is almost double that of 1935-1936 and treble that of 1934-1935. In addition, the Fleet Air Arm, which is organized separately, received £3,572,000 in 1936—an increase of 167 per cent since 1934.²⁹ The air force increases cover all branches of the service—personnel rose from 28,780 in 1934 to

22. *Statement relating to Defence* (1935), cited, p. 10.

23. *Parliamentary Debates*, House of Commons, February 27, 1936, vol. 309, col. 654.

24. *Ibid.*, House of Lords, March 17, 1936, vol. 100, cols. 19-20, statement by Viscount Swinton; House of Commons, May 21, 1936, vol. 312, col. 1406, statement by Sir Thomas Inskip.

25. Austin, Daimler, Rootes, Rover, Singer and Standard are the participating firms. The Wolseley firm, headed by Lord Nuffield, was also in the scheme until August 26, when the company withdrew. *The Times*, October 21, 1936. *Parliamentary Debates*, House of Commons, November 18, 1936, vol. 317, col. 1790, statement by Inskip.

26. *Supplementary Estimate for Air*, July 7, 1936 (London, H. M. Stationery Office, 1936), H. C. No. 137.

27. The government's whole defense policy has been severely criticized by various members of Parliament, led by Winston Churchill. They charge that the program is inadequate and that it is being wastefully and inefficiently carried out. Cf. *Parliamentary Debates*, House of Commons, November 4, 1936, vol. 317, cols. 89-94; November 10, cols. 709-831; November 12, cols. 1081-1151; December 9, vol. 318, cols. 2011-82; House of Lords, vol. 103, November 17-19, cols. 140-318; December 17, cols. 972-1002.

28. *Air Estimates*, February 21, 1936 (London, H. M. Stationery Office, 1936), H. C. No. 49. *Supplementary Estimate for Air*, July 7, 1936, cited.

29. *Navy Estimates*, 1936, February 19, 1936 (London, H. M. Stationery Office, 1936), H. C. No. 47. *Supplementary Estimate, Navy*, April 28, July 7, 1936, Nos. 85, 138.

55,000 in 1936; "technical and warlike stores" from £7,190,000 to £26,546,000; "works, buildings and lands" (mainly new airdromes) from £1,820,000 to £9,350,000; and the Air Ministry from £691,000 to £1,040,000. Some idea of the magnitude of the new program may be gained from Lord Swinton's statement that more planes would be delivered to the Air Ministry in the next three years than in all the seventeen years since the war,³⁰ and from Sir Philip Sassoon's calculation that by April 1936 the strength of the Royal Air Force would have been doubled in just two years.³¹

Increases in the army budget³² from £31,418,000 in 1934-1935 to £47,778,000 in 1936-1937 are due primarily to a new mechanization program announced in 1935.³³ When the program is completed, about the end of 1938, half the cavalry and more than a fourth of the infantry will be organized in mechanized divisions. In addition, the estimates call for a personnel increase of 10,000 to a total of 158,400 men and officers. The possibility that the usual recruiting difficulties will prevent attainment of this total has led to the suggestion that Britain may be compelled eventually to resort to conscription.³⁴

Naval expenses rose from a low point of £41,082,000 in 1932-1933 to £71,564,000 in 1936-1937³⁵—by far the largest appropriation ever received by the British navy, and almost equal to the total for all defense services in 1913-1914 (£77,179,000). About £11,000,000 of the 1936-1937 total has been added to the budget by Supplementary Estimates, as the original figures presented to Parliament in March (which already showed an increase of five millions over the previous year) made no provision for the enormous new construction plans and the speeding up of current building envisaged by the defense White Paper. The program calls for 37 new ships to be laid down in 1936-1937, in contrast to the previous 10-year annual average of 12.8 and the 1932-1935 average of 15.³⁶ It includes two 35,000-ton capital

ships, which were laid down on New Year's Day, 1937.³⁷

During 1936 serious discussion of a possible change in British naval strategy was aroused by the new situation in the Mediterranean created by the Italo-Ethiopian war and the civil war in Spain. Many theorists advocated a new strategic route around South Africa.³⁸ The Admiralty, however, has apparently adhered to the traditional policy and is continuing work, in cooperation with the Air Ministry, on a series of special measures for increasing the defensive strength of its Mediterranean bases. These include new works scheduled to cost £405,000 at Gibraltar, more than £75,000 at Malta, and special air base works in Iraq and Egypt demanding almost £2,000,000. Supplementary plans for Singapore amounting to nearly £2,000,000 bring the total expected cost of this base to approximately £12,000,000, of which somewhat less than half has already been spent. No extraordinary expenditures for the African route have so far been appropriated.³⁹

FRANCE

France too has responded to the growing tension in international affairs by increasing its military budget to the highest total in peace time history. The 1937 budget estimates⁴⁰ call for a national defense expenditure of 19 billion francs, an increase of 33 per cent over the 15 billion spent in 1936, and 60 per cent over the 12.5 billion of 1935.⁴¹ Still further increases were foreshadowed when the French Chamber on February 2, 1937 approved the government's plan to spend an additional 19 billion francs in the next four years.^{41a}

Several new factors have been introduced into the French national defense situation during the past two years. The three defense services have been coordinated under the civilian Minister of

30. *Parliamentary Debates*, House of Lords, November 19, 1936, vol. 103, col. 266.

31. *Ibid.*, col. 260. The present program calls for 1750 first-line planes by 1938 or a total force, with reserves, of 4500.

32. *Army Estimates*, 1936, February 13, 1936 (London, H. M. Stationery Office, 1936), H. C. No. 47. *Supplementary Estimate*, Army, July 6, 1936, Nos. 135, 136.

33. *New York Times*, December 23, 24, 1935.

34. Lord Stanhope in House of Lords, November 18, 1936. *Parliamentary Debates*, House of Lords, vol. 103, col. 236-237. Cf. also *New York Times*, January 19, 1937.

35. *Navy Estimates* 1936, cited.

36. Compiled from *Fleets*, December 1935 (London, H. M. Stationery Office, 1936), Cmd. 5038.

37. *New York Herald Tribune*, January 2, 1937. Bids have already been requested for a second pair in the 1937-1938 program. *The Times*, December 17, 1936.

38. Cf. "The Middle Sea," *Round Table*, September 1936, p. 722.

39. Figures compiled from various defense estimates, cited. The total appropriated for these and minor works in 1936-1937 is £1,543,220.

40. Loi portant fixation du budget général de l'exercice 1937, *Journal Officiel de la République Française*, January 1, 1937.

41. Since most of the spending will be domestic, adjustment for currency devaluation does not seriously alter the proportions. Some adjustment must be made, however, as French wholesale prices rose from 60.3 in June 1936 to 78.3 in November (1929=100). League of Nations, *Monthly Bulletin of Statistics*, December 1936.

41a. *New York Times*, February 3, 1937.

War and National Defense.⁴² In August 1936 the Blum government put through a law enabling it to nationalize all armaments industries,⁴³ and such important sectors of the industry as the Renault tank division and the entire aircraft industry are already operating under government ownership.

Although the famous "Maginot line" of fortifications was completed in 1935,⁴⁴ recent events have compelled the French government to extend its fortifications still further. The possibility of German invasion through the Basel-Belfort "gap" has led the general staff to consider new forts in that area, demilitarized by treaty since 1815.⁴⁵ The Belgian frontier has also taken on new importance since King Leopold's neutrality declaration. The 1937 budget includes 500 million francs destined to launch a new set of defenses between Briey and Dunkerque.⁴⁶⁻⁴⁷

The French army, based on one-year conscription since 1928, returned temporarily to a two-year term in 1935, in order to maintain the full service complement in the "lean years" resulting from the low birth rate of the war period.⁴⁸ When Germany reoccupied the Rhineland in March 1936, there was considerable agitation for an even greater increase, but the government, although it retained 175,000 conscripts for two months beyond their usual service⁴⁹ and raised the total active force by other special measures,⁵⁰ preferred to direct its chief effort toward increased motorization and other technical improvement. It is here that the major part of the enormous new credits will be spent. Over 10 billion francs—almost equal to the total defense expenditure in previous years—will be allocated to the Ministry of War alone in 1937, an increase of more than 65 per cent over the average appropriations of the last six years.

42. Decree of June 6, 1936. *Journal Officiel de la République Française*, June 9, 1936, p. 6111.

43. Law of August 11, 1936. *Ibid.*, August 12, 1936, pp. 8674-75.

44. Statement of General Denain before Army Committee of French Senate, *New York Times*, December 29, 1935. Cf. Popper, "European Military Policies," cited, p. 45.

45. Section III of the Treaty of Paris, November 20, 1815, by which France agreed to demolish the Huningen fortifications and never replace them "at a distance of less than three leagues from the town of Basle." League of Nations, *Armaments Year Book*, 1936, cited, p. 919, quoted from *British and Foreign State Papers*, 1815-16.

46-47. *Le Temps*, November 6, 1936.

48. Decree of March 15, 1935, regularized by law of March 17, 1936. *Journal Officiel*, March 17, 1936. The average annual number of recruits, 1928-1935, was 230,000; it would have dropped to 135,000 in 1935-1939 if one-year service had continued. "La Prolongation du Service Militaire," *L'Europe Nouvelle*, March 2, 1935.

49. *Le Temps*, March 20; *New York Herald Tribune*, April 18, 1936.

The navy, whose budget never exceeded 2 billion francs before 1928 and first passed the 3-billion mark in 1936, will spend more than 4.5 billion in 1937. There are increases in every department of naval activity, with special emphasis on the fleet air force—which receives more than half the navy's total—and on completion of underground fuel storage centers. New construction will include, besides the usual replacement program, several 35,000-ton battleships in reply to the two already building in Italy and those planned by Germany.⁵¹ One of these monsters was laid down in October 1935,⁵² and a second was begun in December 1936.⁵³

The air force completed a three-year expansion program in October 1936, bringing it to a basic figure of 1023 first-line planes with full reserves, and immediately embarked on a regular replenishment schedule.⁵⁴ The introduction of two-year conscription by Germany and other threatening moves on the international stage, however, persuaded the French cabinet to adopt a new four-year arms program including, besides rapid mechanization of the army and reinforcement of the existing fortifications, a new increase in the air force to a base of 1500 first-line planes.⁵⁵ With full reserves, the available force would thus reach approximately 4000 aircraft; the present total is about 3400.

The system of dividing expenditures among "special Treasury accounts" and financing all so-called capital outlays by borrowing outside the regular budget has become accepted practice in France. The special account for frontier defense which financed the Maginot line⁵⁶ has multiplied in recent years until in 1937 national defense will

50. Limitations on the voluntary return of reservists to the colors have been temporarily removed, and the professional force increased from 106,000 to 144,000 (to be raised to 160,000 in a few more months). Cf. Daladier's statement to the Army Committee of the Chamber of Deputies, *Le Temps*, November 6, 1936. Elastic age limit provisions have also permitted an increase in the number of conscripts called up, with a two-months sector added to each six-month division called. Some 280,000 were called at the last period, instead of the usual 230,000. General Weygand, "L'état militaire de la France," *Revue des Deux Mondes*, March 1, 1936. *New York Herald Tribune*, May 21, 1936.

51. *New York Times*, December 2, 3, 1936.

52. U. S. Department of State, *Treaty Information*, November 1935.

53. President Roosevelt's message authorizing construction of American capital ships, January 8, 1937. *New York Times*, January 9, 1937.

54. *Le Temps*, August 14, 1936.

55. *Ibid.*, September 8, 16, 1936; *Manchester Guardian*, September 11, 1936.

56. "Organisation défensive des frontières," *Journal Officiel*, July 20, 1931. The 2.5-million franc fund was exhausted in 1936.

get its funds from a half dozen different accounts,⁵⁷ and from an extraordinary capital-expenditure budget which almost equals the ordinary military budget.⁵⁸

ITALY

Strengthened by their experience in the Ethiopian campaign, Italy's armed forces represent an important factor in the military balance of power in Europe. The continuous military preparation, both physical and moral, to which the entire population of the country is subject was recently intensified by a decree obliging all able-bodied males from 21 to 55 to enlist in the Black Shirt militia.⁵⁹ While this may not actually be capable of producing its theoretical maximum of 8,000,000 soldiers,⁶⁰ it constitutes a primary element of military strength. This reservoir of trained man power enabled Italy to maintain 23 divisions (300,000 to 350,000 men) in Ethiopia,⁶¹ and to put as many as 400,000 soldiers into the campaign at one time without seriously weakening the home defenses.⁶²

Systematic strengthening of the army was not relaxed with the end of the Ethiopian war. The reduction of conscript service from 18 to 12 months, first proposed in 1935,⁶³ has never been carried out. In the summer of 1936 the air and naval recruits of the 1914 class were retained beyond their term of service, ostensibly because of the Spanish situation.⁶⁴ In addition, a permanent colonial army

of 150,000 militia has been added to the 60,000 soldier-farmers trained for colonization in Ethiopia,⁶⁵ and the army continues to receive the lion's share of the enormous emergency appropriations outside the ordinary budget.

Other branches of military preparation are being pushed with equal vigor. Rapid production of war material is considered so important that many of Italy's 1200 armament firms are permitted to work on a 60-hour week, although other Italian industries must keep to 40 hours.⁶⁶ The personnel of the navy has been increased from 60,000 to 100,000 to provide full crews for the ships now building.⁶⁷ The navy continues to concentrate on small, fast vessels and already possesses a fleet of submarines, destroyers and coastal motor boats admittedly second only to those of the three major powers. With its two 35,000-ton battleships due for completion in 1937, Italy has also entered the competitive race in the larger categories.

The air force is growing rapidly, and the new scientific research center at Guidonia is equipped to take full advantage of the lessons learned in actual wartime flying in Ethiopia and in Spain.⁶⁸ The government recently appropriated 140 million lire for new airports to supplement the dozens already in operation.⁶⁹ Estimates of Italian strength in the air vary considerably, but it is probable that the air corps can muster well over 2000 fighting planes on short notice.

The normal national defense budget does not give a true picture of Italian military expenditure. From a total of 5644 million lire in 1930-1931, it dropped gradually to 4299.8 in 1934-1935, then rose to 4666 in 1936-1937. In 1937-1938 the total will be 5334.⁷⁰ These figures fail to show any of the expenditures occasioned by the Ethiopian campaign and covered entirely by Treasury borrowing. No government statistics have been published since the campaign began, but it is possible to compute the amounts from successive royal decrees published in the *Gazzetta Ufficiale*. An official estimate gives the 1934-1935 total as 975,000,000 lire.⁷¹ In 1935-1936 nine decrees appropriated more

57. "Programme de travaux intéressant la défense nationale," 3120 million francs, July 7, 1934; "Installations et matériel d'armement," 800 million francs, January 4, 1935 (succeeding emergency decrees raised the total by some 500 million during 1936); "Fonds d'armement, d'outillage, et d'avances sur travaux," including 5330 million for defense, created by budget law, January 1, 1936, continued as special budget, 1937 *Projet de loi*, cited. National defense has a share in certain other accounts established for general social purposes, e.g., the "Outillage national," December 28, 1931, and the unemployment accounts of July-7, 1934 and August 18, 1936.

58. The ordinary military budget totals 9448.3 million francs, the extraordinary 9371.6.

59. *New York Herald Tribune*, May 20, 1936.

60. A favorite figure in Mussolini's speeches; e.g., at Avellino August 30, at Bologna October 24, at Littoria December 18; *ibid.*, August 31, October 25, December 19, 1936. It has been estimated that in 1935 there were 7,938,000 trained men between 21 and 54. *New York Times*, April 2, 1935.

61. Report of General Baistrocchi, Under-Secretary of State for War; *New York Times*, March 21, 1936.

62. *New York Herald Tribune*, August 23, 1936.

63. *Ibid.*, March 22, 1935.

64. *Ibid.*, August 21, 1936. A similar move was made early in 1935, when Italy's answer to German rearmament consisted in the retention of the class of 1913, due to be released, and the recalling of the class of 1911 to the colors. It was estimated that at the height of the crisis there were nearly 600,000 men in barracks. *Ibid.*, March 22, 1935; *New York Times*, March 24, 1935.

65. *New York Times*, September 13, 1936.

66. *Christian Science Monitor*, October 10, 1936.

67. *New York Times*, November 1, 1936. Forty ships of 118,858 tons were under construction on January 1, 1937. *Summary of Comparative Naval Data*, cited.

68. *Aircraft Year Book for 1936*, cited, pp. 53-55.

69. *Christian Science Monitor*, October 10, 1936.

70. *New York Times*, January 10, 1937.

71. *Ibid.*, March 5, 1936.

than 11 billion.⁷² Unofficial estimates, based largely on capitalization of the increase in interest payments provided for in the 1936-1937 budget, place this year's possible expenditure at about 12,750,000,000.⁷³ Not all of this staggering total has gone for military expenditure, but it is safe to assume that most of it was used for that purpose, either in Ethiopia or for capital expenditure in Italy itself.⁷⁴

The psychological situation cannot be ignored in any study of Italian defense policy. The continual pressure of patriotic appeals, the repeated assertions that universal, permanent peace is impossible and undesirable, and the intoxicating effect of the Ethiopian victory have created a state of mind in which no sacrifice seems too great in the cause of national defense.

JAPAN

In 1936, four years after the conquest of Manchuria, the military problem created by Japanese expansion on the Asiatic mainland had become clearly apparent. In 1932, when the army assumed control in Manchuria, General Araki promised that the huge increases demanded for the emergency program would be temporary, and that the government would soon return to normal expenditure. Each year since the creation of Manchoukuo, however, the Diet has been asked to increase army and navy appropriations to support Japan's "stabilizing force" in the Far East. In 1933 military and naval expenditures reached 851 million yen, nearly twice the amount voted in 1931. In 1935 the cost of defending Manchoukuo and consolidating Japan's position in Asia reached a total of 1,021,500,000 yen, or 50.5 per cent of the total budget.⁷⁵ A climax was reached in the fall of 1936 when military and naval authorities

served warning that steady increases must be expected for at least 12 more years.

Preliminary budget estimates for 1937-1938 confirmed these warnings by raising the total for national defense to 1,409,000,000 yen and providing the first instalment of the new 12-year "armament improvement plan."⁷⁶ As outlined by the War Ministry, the program includes four main features: increases for the air force (now approximately 1800 planes); increased strength for the Manchurian garrison; expansion of mobilization and supply facilities; "adjustment of strategic materials," including replenishment of munitions.⁷⁷

In support of this comprehensive program, the Press Section of the War Ministry published a pamphlet entitled *Increase of Armaments and its Underlying Motives*, the most recent of a series of "army pamphlets" designed for wide popular distribution throughout Japan.⁷⁸ The pamphlet states that the army "should have adopted an extensive program at the time of the Manchurian incident," but need for economy made it impossible to do anything more than essentials. Now, however, the army has decided to replenish armaments in earnest, surmounting all obstacles, in order that its "bitter experiences of the past 30 years will not be repeated." The plan will enable Japan "to maintain equilibrium with other powers, especially the Soviet Union, in view of its positive Far Eastern policy, in which there is no loathing of resort to armed force." The task of defending Manchoukuo, with its frontiers of 5000 kilometers bordering the Soviet Union and China, demands immediate strengthening of Japanese forces, which are outnumbered three to one by Soviet troops in Siberia. Thus, the pamphlet declares, will the army prevent war.⁷⁹

The naval program likewise reflects Japan's altered position in the Pacific area. On January 15 the Japanese delegation withdrew from the London Naval Conference, following rejection of its demand for "parity."⁸⁰ Subsequently, Tokyo declined to adhere to the limitation agreement finally signed by the United States, Britain and France, and rejected a British proposal to extend Article 19 of the

72. With dates of publication in the *Gazzetta Ufficiale*: No. 1044, June 27, 1935, 1 billion lire; No. 1676, December 19, 1935, 2.5 billion; No. 1855, November 5, 1935, 30 million; No. 2121, December 19, 1935, 1 billion; No. 1, January 13, 1936, 640 million; No. 181, February 18, 1936, 1.5 billion; No. 409, March 21, 1936, 950 million; No. 593, April 22, 1936, 1.4 billion; No. 839, May 19, 1936, 2 billion. Total: 11,135,500,000 lire.

73. Total increase in interest charges is 975 million lire. Of this, 675 million is due to a conversion operation, for which the Treasury is paying 10 per cent. The remaining 300 million probably represents interest at 5 per cent. 1.3 billion lire was appropriated at the very beginning of the fiscal year. Decree No. 1160, *Gazzetta Ufficiale*, June 8, 1936.

74. In normal times many of these capital items would be carried on the ordinary budget, to be covered by taxation.

75. Cf. *Armaments Year Book*, cited, p. 566.

76. *Japan Chronicle*, weekly edition, November 12, 1936.

77. *Ibid.*, p. 625.

78. For an abridged English translation, cf. *ibid.* For influence of previous army pamphlets, cf. Kenneth Colegrove's "Militarism in Japan," *World Affairs Books* (New York, National Peace Conference, 1936), No. 16.

79. *Japan Chronicle*, November 12, 1936, p. 625.

80. Cf. Helen Fisher, "The Future of Naval Limitation," *Foreign Policy Reports*, October 1, 1936.

Washington naval treaty limiting fortifications in the Pacific. Furthermore, by taking advantage of the escape clauses of the London treaty, first invoked by Britain, Japan maintained its relative position in surface vessels and slightly improved its ratio in submarines by keeping 15,598 tons in this category.⁸¹ When existing treaties expired on January 1, 1937, the ratio of the Japanese navy to that of the United States, by categories, was approximately as follows: capital ships 5.1 to 10; aircraft carriers 6.5 to 10; heavy cruisers 6.3 to 10; light cruisers 8.4 to 10; destroyers 4.6 to 10; submarines 8.4 to 10; total 5.9 to 10.^{81a} With no quantitative restrictions on future building programs except the ability to meet the costs, Japan faced the choice of precipitating a new race for naval supremacy in the Pacific or accepting the *status quo* in naval strength. The answer must wait for the future.

SOVIET UNION

Facing the threat of war in both Europe and the Far East, the Soviet Union has devoted its energies to building a closely coordinated defense system designed for major operations on two fronts more than 6000 miles apart.⁸² The rapid expansion of man power and material, begun in 1933 following the advent of Hitler in Germany, was carried forward with frenzied speed during 1935 and 1936. The peace-time strength of the Red Army was raised from 562,000 men in 1933 to 1,300,000 in January 1936.⁸³ In August of the same year the military conscription age was reduced from 21 to 19, increasing by 50 per cent the number available for service with the army.⁸⁴ Creation of a Commissariat of Defense Industry to coordinate production of all war materials was provided by an amendment to the new Soviet constitution, adopted on December 5, 1936.⁸⁵ Another amendment to the constitution authorized the Presidium to declare a state of war not only in the event of armed attack on the Soviet Union (as in the old constitution), but also "in the event of the necessity to fulfill international treaty obligations of mutual defense against aggression,"⁸⁶ an obvious reference to the Franco-Soviet pact ratified early in 1936.⁸⁷

Another official indication of the scale of Soviet preparations is found in the budgets for national defense, which increased from 1.5 billion rubles in 1933 to 14.8 billion in 1936. Still another increase was announced in January 1937, when the military budget reached the unprecedented amount of 20 billion rubles—more than a fifth of the total budget, which in the Soviet Union includes appropriations for all industry and commerce, as well as the usual government expenditures.⁸⁸

During 1936 the Far Eastern Army, which is maintained as an independent force, was increased to between 250,000 and 300,000 men, with approximately 1000 airplanes and 1000 tanks.⁸⁹ This force is supported by new arsenals, munition plants, and automotive and airplane factories recently completed at Komsomolsk, Vladivostok and other points in Eastern Siberia, and is being equipped to carry on an extended campaign without depending on European Russia for services of supply.

The Soviet air force is generally conceded to be numerically superior to that of any European power, although some of its 5000 planes are obsolescent, and has become an important factor in the dominant position of Russia in the Far East.⁹⁰ The productivity of Soviet industry has increased steadily and compares favorably with that of more advanced western nations. In 1936 Louis Breguet, a prominent French aircraft engineer, estimated the capacity of Soviet airplane factories at 5000 machines a year.⁹¹ The army maneuvers held in September 1936 carried a step further the coordination of air force and infantry which was first demonstrated in tactical operations in 1935. A force of 1200 men with 150 machine guns and 18 light field guns was carried a hundred miles by airplane and dropped behind the "enemy" lines.⁹² While military experts differ as to the significance of this maneuver, there is general agreement that the Red Army has done much of value in this field.

Spurred by Germany's bid for undisputed naval supremacy in the Baltic, the Soviet Union undertook to modernize its more or less obsolete navy in 1936. Widespread publicity was given to the fleet maneuvers held simultaneously in the Baltic and

81. *Ibid.*, p. 187.

81a. *Summary of Comparative Naval Data*, cited.

82. For more detailed analysis of Soviet military system, cf. Popper, "European Military Policies," cited.

83. Statement of Marshal Tukhachevsky, *New York Times*, January 16, 1936.

84. Decree of Central Executive Committee, *Moscow News*, August 19, 1936.

85. Cf. Article 77 of the constitution of the U.S.S.R., *Moscow News*, August 19, 1936.

86. Article 49, Sec. J.

87. Vera Micheles Dean, "Origins of the Locarno Crisis," *Foreign Policy Reports*, June 15, 1936, pp. 81-82.

88. Gregory T. Grinko, Finance Commissar, in statement to Central Executive Committee. *New York Times*, January 12, 1937.

89. Soviet figures of military strength are not made public. These estimates are based primarily on Japanese military reports.

90. Cf. General P. R. C. Groves, *Our Future in the Air* (Toronto, Ryerson, 1935).

91. *New York Times*, October 25, 1936.

92. B. F. Liddell Hart, *ibid.*, September 20, 1936.

the Far East. While the actual strength of the navy is far below that of Germany, with the possible exception of submarines, the building program contemplates new capital ships and cruisers as well as smaller vessels. Soviet plans were revealed during the negotiations with Britain looking toward a bilateral agreement which would bring Russia within the framework of the London Naval Treaty of 1936. At that time it was reported that the Soviet government had asked for three "amendments" to the qualitative standards laid down by the London agreement: a "free hand" in the Far East, with the right to build any type of vessel in the event that Japan does not conform to the London standards; the right to build 7 cruisers under 18,000 tons displacement, with 7.1-inch guns, a type proscribed by the London agreement; and the right to build two capital ships mounting 15- or 16-inch guns.⁹³ Failure of the Soviet Union and Germany to conclude agreements with Britain by January 1937 seem to presage a dangerous race in the Baltic.

UNITED STATES

Despite its virtual immunity from attack, and the increasing pressure for neutrality legislation "to keep the country out of war," the United States has kept pace with leading European nations in the rate of its military expenditures. The building program adopted by the Roosevelt Administration to provide a "treaty navy" second to none carried naval expenditures from the low point of 297 million dollars in 1932-1933 to 571 millions in 1936-1937, while War Department expenditures rose from 243 to 389 million dollars in the same period. Army and navy expenditures for the next fiscal year (1937-1938) will reach the total of 992 million dollars—the highest figure in peace-time history.⁹⁴

There are many indications that the new American navy is designed primarily for use in the Pacific area. In addition to the 84 ships under construction and 18 more to be laid down in 1937, funds were provided in 1936 for beginning construction of two 35,000-ton capital ships and a \$10,000,000 floating dry-dock large enough to accommodate the biggest battleships. There is evidence that this dry-dock, presumably intended for Pearl Harbor, Hawaii, may be used at some other Pacific base or even towed with the fleet as a float-

ing base.⁹⁵ In the autumn of 1936 the United States rejected a British proposal to renew Article 19 of the expiring Washington treaty forbidding new fortifications in the Pacific,⁹⁶ thus opening the way to future fortified bases in its Pacific possessions. Proposals for constructing a seaplane base at Midway Island and harbor developments at Wake and Guam, links in the commercial air route to Manila, were submitted to Congress in 1936.⁹⁷

Rapid expansion of military and naval aviation and development of the G.H.Q. air force and independent striking forces composed of heavy bombers and fast pursuit planes were provided in the 1936-1937 appropriation. Since 1934-1935, expenditures of the army air corps have increased from 27.3 to 62 million dollars, and naval air force expenditures have risen from 21.7 to 40.2 million.⁹⁸

Increase of the regular army from 118,750 men to a "minimum" of 165,000, begun in 1935, was carried forward in 1936 with the object of providing four full divisions as a nucleus for each of the four field armies contemplated under the War Department mobilization plan.⁹⁹ By the beginning of 1937 the enlisted strength had reached approximately 140,000 men.

CONCLUSION

This survey has dealt only with the rearmament programs of the seven great powers. Very few small countries, however, have remained immune from the effects of the armament race precipitated by their powerful neighbors. With the collapse of the disarmament conference and the failure of collective action in the Ethiopian conflict, many small European states have turned toward neutrality and embarked on costly defense programs. Belgium and Holland are building elaborate fortifications on their exposed frontiers with Germany; Poland and Czechoslovakia are reorganizing their military and air forces; Austria and Hungary, while withholding formal denunciation of the military clauses of the peace treaties, are exceeding the limits imposed in 1919; Turkey is refortifying the Straits; and even Switzerland is reorganizing its national defense system.

The rate of military expenditure is today more than three times as high as in 1913, and still increasing. How long can this trend continue without disastrous consequences?

93. *New York Times*, October 13, 1936.

94. United States, *Budget of the United States Government for the fiscal year ending June 1938* (Washington, Government Printing Office, 1937).

95. Cf. United States Congress, *Hearings before sub-committee of House Committee on Appropriation in charge of Naval Department Appropriation Bill for 1937*, p. 7. The dry-dock is too large to transport through the Panama Canal.

96. *Christian Science Monitor*, November 5, 1936.

97. *New York Times*, November 14, 1936.

98. United States, *Budget of the United States Government*, cited.

99. *War Department Appropriation Bill for 1937*, Hearings before the sub-committee of House Committee on Appropriations, Part 1, p. 7.

MILITARY EXPENDITURES OF THE GREAT POWERS¹

(in millions of national currency)

	Army	Navy	Air	Total	Per cent of Budget
GREAT BRITAIN²					
1913-14	.....	.....	.....	77.2	.....
1930-31	31.6	43.6	17.0	95.1	10.8
1931-32	30.1	12.3	17.0	92.2	10.8
1932-33	27.8	41.1	16.3	87.5	10.4
1933-34	29.5	44.4	16.1	93.5	11.8
1934-35	31.4	47.2	16.7	98.7	12.4
1935-36	36.6	55.4	26.8	122.3	14.5
1936-37 ³	47.8	71.6	49.5	173.9	20.0
FRANCE					
1913-14	.....	.....	.....	9,035.0	.....
1930-31	6,278.5	2,722.7	2,018.9	16,073.9 ⁴	28.85
1931-32	6,401.0	2,799.8	2,199.4	13,895.4	26.0
1932 (9 months)	5,218.7	2,427.7	1,826.5	10,184.2	25.0
1933	6,080.9	2,760.3	1,996.2	13,576.5	24.7
1934	5,946.0	2,964.3	1,654.0	11,653.7	23.4
1935	5,656.6	2,902.9	1,450.5	12,475.0	25.0
1936 ⁵	6,177.4	3,419.8	2,364.7	14,327.1	27.2
1937 ³	10,078.0	4,460.2	3,688.3	19,238.7 ⁵	29.7
GERMANY					
1913-14	.....	.....	.....	1,168.6	.....
1931-32	.....	.....	.....	617.0	6.5
1932-33	.....	.....	.....	633.7	7.7
1933-34	.....	.....	.....	748.8	11.9
1934-35	.....	.....	.....	954.4	11.6
1935-36 ³	(Defense Department)			6,500.0 ⁶	?
1936-37 ³	.....	.....	.....	6,500.0 ⁶	?
ITALY					
1913-14	.....	.....	.....	3,711.6	.....
1931-32	2,828.0	1,489.7	695.1	5,439.6	27.0
1932-33	2,809.1	1,479.7	686.9	5,412.0	24.8
1933-34	2,453.3	1,304.9	631.9	4,823.8	19.8
1934-35	2,285.2	1,088.7	632.9	5,274.8 ⁷	22.1 ⁸
1935-36	2,459.0	1,265.0	840.0	15,561.4 ⁷	50.5 ⁸
1936-37 ³	2,291.0	1,545.0	970.0	17,415.6 ⁷	52.7 ⁸
1937-38 ³	2,491.0	1,793.0	1,250.0	5,534.0 ⁹	?
JAPAN					
1913-14	.....	.....	.....	330.7	.....
1931-32	227.5	227.1	.....	454.6	30.3
1932-33	373.6	312.8	.....	686.4	35.9
1933-34	462.7	409.9	.....	872.6	36.9
1934-35	449.7	487.9	.....	937.6	44.4
1935-36	491.3	530.2	.....	1,021.5	50.5
1936-37 ³	507.5	551.9	.....	1,059.4	46.6
U.S.S.R.					
1913-14	.....	.....	.....	869.5 ¹⁰	.....
1931	.....	.....	.....	1,404.0	5.9
1932	.....	.....	.....	1,412.3	4.7
1933	.....	.....	.....	1,547.3	4.2
1934	(People's Commissariat for Defense of the Union)			5,000.0	10.4
1935	.....	.....	.....	8,200.0	12.8
1936 ³	.....	.....	.....	14,815.5	18.8
1937 ³	.....	.....	.....	20,012.0	20.7
U.S.A.¹¹					
1913-14	.....	.....	.....	244.6	.....
1930-31	345.3	354.1	.....	699.4	16.6
1931-32	344.6	357.8	.....	707.6	13.7
1932-33	298.4	349.7	.....	667.8	13.0
1933-34	243.3	297.0	.....	540.3	8.0
1934-35	273.5	436.5	.....	710.0	10.4
1935-36	382.7	529.0	.....	911.7	10.4
1936-37 ³	388.7	570.7	.....	964.9	11.4
1937-38 ³	393.5	598.1	.....	991.6	12.9 ¹²

1. Sources: 1913-1914 (converted approximately to 1936 equivalents), League of Nations, *Budget Expenditure on National Defense, 1913 and 1920-22*, A.31(a) (Geneva, 1922), and Per Jacobsson, "Armaments Expenditure of the World," reprinted by *The Economist* (London), 1928. Figures for 1930-1937, League of Nations, *Armaments Year Book 1936*, cited, official budgets, etc.

2. Net total, omitting "receipts appropriated in aid." Includes supplementary estimates up to January 1937.

3. Estimates.

4. All French totals include military expenditure in the colonies and expenditure on special Treasury accounts.

5. Does not include expenditure on special accounts, which may reach one billion francs.

6. Unofficial estimates.

7. Unofficial estimates. Includes extraordinary expenditures on Ethiopian campaign.

8. Ordinary expenditures were 19.3 per cent of the normal budget in 1934-35; 22.5 per cent in 1935-36; 23.0 per cent in 1936-37; and 23.3 per cent in 1937-38.

9. Does not include expenditure in colonies or Ethiopian campaign.

10. Czarist currency. Not converted to 1936 equivalent.

11. Includes emergency relief expenditures.

12. Percentage of total estimates plus estimated relief expenditures, which are not included in official total as first presented to Congress. National defense will undoubtedly receive some of this relief expenditure besides the total given here.